



December 4, 2012

The Honorable John L. Mica
Chairman
Committee on Transportation and
Infrastructure
U.S. House of Representatives
Washington, DC 20515

The Honorable Nick J. Rahall
Ranking Member
Committee on Transportation and
Infrastructure
U.S. House of Representatives
Washington, DC 20515

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Jeff Morales
Chief Executive Officer

Dear Chairman Mica and Ranking Member Rahall:

In anticipation of your upcoming hearing, "An Update of the High Speed and Intercity Passenger Rail Program: Mistakes Made and Lessons Learned," I want to provide the Committee with an overview of the outstanding progress of the high-speed rail project in California.

To summarize, over the past year, the California High-Speed Rail Authority (the Authority) has (1) significantly revised and improved its business planning for the project, predicated on the idea that high-speed rail is an integral part of a broader statewide rail transportation system; (2) acquired the necessary funding appropriations from our State Legislature; (3) enhanced organizational capabilities with an experienced executive team and (4) forged critical relationships with regional operators/partners to develop plans for early investments that benefit existing passengers, while laying the groundwork for implementation of true high-speed rail service; (5) targeted attention and outreach to those communities most affected by the project's construction and operation to address impacts on farms, business and residences; and (6) strengthened governance and oversight of the project.

The Blended System: A Statewide Rail Modernization Plan

The Authority, State of California, and the U.S Department of Transportation are committed to the blended system envisioned in the Revised 2012 Business Plan (Business Plan). This blended system will benefit the overall passenger rail system by simultaneously beginning construction on the high-speed project and investing in regional rail systems throughout the state. These early investments, made in collaboration with regional transportation partners, lay the foundation for the high-speed rail system as it expands to connect the state while providing immediate benefits to the millions of Californians who use these intercity and interregional systems every day. Underscoring the broader impacts of this approach, the \$4.7 billion appropriated by the California Legislature in July leverages other regional, state and federal funds, resulting in almost \$13 billion of improvements to our state's rail systems, the majority of the investments occurring in the urban "bookends."

Hence, in these times of tight budgets and limited near-term capital opportunities, we believe that this integrated approach can serve as a model for coordinated passenger rail systems in other states. By maximizing the value of the investment at each step, such as a highly improved Amtrak service in the Central Valley and an electrified Caltrain service in the Bay Area, the taxpayers are not left with a stranded investment. Rather, they can see the

JERRY BROWN
GOVERNOR



tangible results of public investment creating immediate improvements while also seeing the long-range vision for the project outcome.

Separately, but in concert with the initial high-speed rail projects, a portion of the connectivity funds appropriated in SB 1029 have already been allocated by the California Transportation Commission (CTC) for work on several important rail projects throughout California. These projects include Caltrain's advanced signaling system (Positive Train Control) in the Bay Area, San Francisco MUNI's Central Subway project, Los Angeles Metrolink's locomotive upgrade, Altamont Corridor Express' Stockton passenger track extension, and San Diego Trolley's Blue Line light rail improvements. As part of a statewide rail improvement program designed to supplement the high-speed rail system, these early investments will help modernize local and regional rail, vastly improve the state's mobility and economic competitiveness, and reduce greenhouse gas emissions. A complete list of system-wide improvements funded by SB 1029 is attached.

Economic Benefits: Beyond Short-Term, Immediate Jobs

The construction and operation of the high-speed rail system is expected to generate tens of thousands of jobs. This will be especially impactful in the Central Valley, which currently is experiencing some of the nation's highest unemployment rates. High-speed rail will put people in the Valley back to work and have the potential to spur development of a high-speed rail technology and academic sector in the region.

Beyond these immediate economic benefits, the Authority and local governments alike see high-speed rail as part of an integrated strategy to help cities throughout the state revitalize their downtown cores. High-speed rail will link the mega-regions of California in ways never before imaginable. By bringing more people to the downtown centers of our cities, high-speed rail will directly contribute to economic development, increased livability, and preservation of agriculture lands threatened by urban sprawl. Due to these immense possibilities, the Authority's program and business plan have been endorsed by the bipartisan group of mayors of Los Angeles, Palmdale, Fresno, San Jose, San Francisco and Sacramento, all of whom see it as an essential element of their growth plans.

Project Status and Next Steps

As you are aware, on July 18, 2012, Governor Jerry Brown signed into law SB 1029, which appropriates \$4.7 billion in state funds and approves the use of \$3.3 billion in federal funds for statewide improvements to transportation in California and to begin the high-speed rail project initial construction in the Central Valley. Since the passage of SB 1029, the Authority has continued its work to plan, design, build, and operate the high-speed rail project as authorized by California voters in the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21st Century (Proposition 1A). Initial construction is scheduled to begin in the Central Valley in Summer 2013.

As the project progresses on all fronts, the Authority continues working with stakeholders on planning activities, strengthening relationships with regional partners, completing important milestones in the environmental process, and progressing with plans to begin construction in 2013. Several major project milestones have been recently reached. Specifically, on September 18, 2012, the Federal Railroad Administration (FRA) issued a Record of Decision (ROD) that approved the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the alignment from Merced to Fresno. Also, as part of his

“We Can’t Wait” initiative, President Obama announced on September 21, 2012 that the federal permitting and review processes for the Fresno-Bakersfield section would be streamlined in order to expedite delivery of the project.

The public review period for the Fresno-Bakersfield section’s Draft EIR/EIS concluded on October 19, after it was extended from 45 to 90 days in direct response to stakeholder and public feedback that more time was needed due to the size and complexity of the document. The extended review period allowed greater public involvement in the project by providing ample time to respond. Authority staff is now in the process of reviewing those comments and developing detailed and direct responses to them, including scheduling meetings with stakeholders to review their comments in person. As with any effort of this magnitude, the Authority anticipates that its plans will be greatly improved by public input.

The Request for Proposal (RFP) for Right of Way Services was released in September and the Request for Qualifications (RFQ) for Project and Construction Management Services for Construction Package 1 was released in October. In connection with the release of these solicitations, the Authority hosted pre-bid conferences, provided opportunities for small businesses to meet the shortlisted teams for the Design-Build contract, and adopted goals for the participation of Small Businesses and Disadvantaged Businesses in the project. These efforts have been well received and recognized as positive first steps toward ensuring that small businesses, inclusive of Disadvantaged Business Enterprises, Disabled Veteran Business Enterprises, and Micro-Businesses are afforded every opportunity to participate in the high-speed rail project.

Most recently, on November 16, 2012, a Sacramento County Superior Court judge rejected an injunction requested as part of the County of Madera, City of Chowchilla, and Timeless lawsuit cases. These cases are California Environmental Quality Act (CEQA) challenges to the Merced-Fresno EIR. This ruling allows the project to keep moving forward on schedule. The full case will be heard in April 2013.

Organizational and Administrative Improvements

The Authority has addressed many of the organizational issues identified in the past. The majority of the Authority’s executive management team has now been filled, including Chief Executive Officer, Chief Deputy Director, Chief Program Manager, Chief Counsel, Risk Manager, Chief Administrative Officer, and Chief of External Affairs. In addition, numerous support positions have been filled covering all aspects of the project.

Simultaneously, at the oversight level, the Board of Directors has put in place strong governance measures, including the formation of a Finance and Audit committee.

Government Accountability Office (GAO) Review

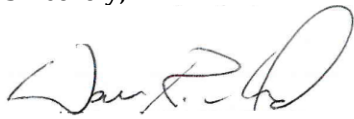
The Authority is of the understanding that the GAO will be providing testimony to the Committee at the hearing specifically regarding a preliminary assessment of their ongoing review of aspects of the California high-speed rail program. While we welcome all external review of our plans and operations, we wish to emphasize that we are still engaged in reviewing the project issues with the GAO and that their findings are not yet final.

The Authority has been working closely with the GAO for many months to assist their team in analyzing numerous aspects of the project including cost estimating and ridership as

requested by this Committee and other Members of the U.S. House of Representatives. However, months of work remain before the review can be considered complete. The Authority greatly appreciates the professionalism and dedication demonstrated by GAO staff throughout the ongoing review and will continue working with their team to provide the information necessary to finalize the process.

In conclusion, the Authority is committed to working closely with our federal, state, and local partners to ensure the success of California's high-speed rail project. As the project continues to advance, we look forward to an open and frequent dialogue with the Committee, Congress, and the public. In doing so, we hope to construct a high-speed rail system that benefits all Americans and can serve as a model for future projects. If you have any questions or concerns, please contact me or Jeff Morales, Chief Executive Officer at (916) 324-1541.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dan Richard", is positioned below the word "Sincerely,".

Dan Richard
Chair, California High-Speed Rail Authority Board

Attachment

cc: The Honorable Bill Shuster, Chairman, Subcommittee on Railroads, Pipelines, and
 Hazardous Materials
 The Honorable Corrine Brown, Ranking Member, Subcommittee on Railroads,
 Pipelines, and Hazardous Materials
 The Honorable Ray LaHood, Secretary, U.S. Department of Transportation